



WEEKLY REPORT

ARIZONA STATE RETIREMENT SYSTEM

Paul Matson, Director
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ASRS Board

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For the week ending Friday, Jan. 30, 2004

Welcome to the ASRS Weekly Report. This report summarizes retirement-related legislation, and provides a briefing of news and notices important to member employers and your employees. Weekly Report is sent via email each Friday. Please direct comments related to this newsletter to Michelle Fink at michellef@asrs.state.az.us or phone (602) 308-5107.

***** Please distribute or make this report available to your employees. *****

ASRS News

- Have you ever wondered what your monthly pension might be when you retire? The **ASRS Online Estimator** can help you estimate your pension. You can plug in the variables – years of service, estimated salary at the time you retire, joint survivor benefit options and even if you want to take a partial cash lump sum. You'll receive a benefit estimate that may help you in your retirement planning. The Online Estimator is just that, an estimate. Exact benefit calculations are done by ASRS Member Services at the time you retire.
- Our Member Services Division is set to begin its Spring Travel Schedule of **Group Meetings & Seminars** designed for members thinking about retirement within the next year to five years. ASRS Member Services representatives will be traveling to cities and towns throughout the state in the coming months. Group Meetings and Seminars also take place regularly at our Phoenix and Tucson offices. Please be sure to let your employees know that if they're contemplating retirement, these meetings are available! A complete list is posted on the Calendar section of our website.
- Have you recently moved, or changed your name or your beneficiary? If so, please be sure to let our Member Services Division know, so we can **update your records**. You can send the information to: contactus@asrs.state.az.us, or reach a representative by phone at (602) 240-2000 in metro Phoenix, (520) 239-3100 in metro Tucson, or tollfree state-wide at (800) 621-3778.

Upcoming Board & Committee Meetings

- **Investment Review Committee** – Tuesday, Feb. 3, 5:30 p.m., ASRS Phoenix office, 3300 N. Central Avenue, 14th floor.
- **Operations Review Committee** – Thursday, Feb. 5, 10:30 a.m., ASRS Phoenix office, 3300 N. Central Avenue, 10th floor.
- **External Affairs Review Committee** – Friday, Feb. 6, 10 a.m., ASRS Phoenix office, 3300 N. Central Avenue, 14th floor.
- **ASRS Board** - Friday, February 20, 8:30 a.m., ASRS Phoenix office, 3300 N. Central Avenue, 10th floor.

Note: All Board & Committee meetings are open to the public and your attendance is encouraged. Schedules, agendas and minutes of our meetings are posted on our website and are available at our Phoenix and Tucson offices.

Clip & Save!

ARIZONA STATE RETIREMENT SYSTEM

Phoenix Office

3300 N. Central Avenue
P.O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2000

Tucson Office

7660 E. Broadway Blvd., Suite 108
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(520) 239-3100

Toll-free statewide

(800) 621-3778

TTY Device for hearing impaired

(602) 240-5333

On the web

WWW.ASRS.STATE.AZ.US

Quick Reference
ASRS Related Retirement Legislation
(For Period Ending Friday, January 30, 2004)

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
HB 2018 –ASRS; Late Employer Contributions; Payment Sponsor: Huppenthal As Introduced: Clarifies that ASRS participating employers who did not pay the amount of the employer contributions and all interest for periods prior to July 17, 1994, are liable for the total unpaid amount and accrued interest on the unpaid amount.	Assigned: Hse GR and Hse Rules Status: Awaiting Hse GR and Rules Second Read 1/19/04	As Introduced: \$28,000 one-time implementation cost.	As Introduced: Actuarial letter received stating no cost.
HB 2029 – ASRS; Service Purchase; Cost Sponsor: Huppenthal As Introduced: A five-year work requirement is added to three areas of law governing purchase of ASRS service credits: 1) credits for service for years in the military, 2) credit for service in the employ of other governmental entities, 3) credit lost due to an official one-year leave of absence. The formula used to calculate the cost to purchase the service credit is changed to a single standard based on the present value of the additional benefit. Payment for credited service may be via a rollover contribution of the member's accrued vacation, sick leave or overtime pay as long as certain conditions are met. Effective Jan 1, 2004.	Assigned: Hse GR and Hse Rules Status: <u>Passed Hse. GR - DP 1/20/04 (10-1-0-1-0)</u> Hse Rules 1/28/04 (11-0-0-1-0) C & P Consent Calendar 1/28/04 Objection deadline is 2/2/04 @ 1 pm	As Introduced: \$180,000 one-time implementation cost including computer programming costs.	As introduced: This represents a contribution rate savings of 34 basis points total (17 for EE/ER each) for a total savings of \$24.8 million annually. Possible additional cost savings.

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
<p>HB 2049– ASRS; Membership; Political Subdivision Entities Sponsors: Huppenthal, Hubbs, Nelson, et al. As Introduced: HB 2049 stipulates that political subdivision entities are eligible to participate in the ASRS and provides a definition of political subdivision entities. The list of ASRS - member employers is expanded to include "participating political subdivision entities," defined as entities created by political subdivisions (including instrumentalities of subdivisions), a majority of whose members is composed of political subdivisions and whose primary purpose is the performance of government related service. Provisions for retroactive effective date and for purchase of service credits by those who worked for a political subdivision entity before the effective date of this act. Emergency clause.</p> <p>Government & Retirement Committee Amendment: Allows an active member of a participating political entity to purchase service under the statute that was in effect before January 1, 2004 as long as he or she applies for the service purchase before December 31, 2004.</p>	<p>Status: <u>Passed Hse. GR DPA</u> <u>10-0-0-2-0. Passed</u> <u>Hse. Rules C & P</u> <u>10-0-0-2-0.</u> <u>Passed Hse 56-1</u> <u>Senate First Read</u> <u>1/26/04.</u></p>	<p>As Introduced: \$5,000 one-time implementation cost.</p>	<p>As Introduced: None.</p> <p>The Hse GR Amendment could result in the ASRS Fund being under compensated for the service purchased by an amount not yet determined.</p>

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
HB2052 ASRS; Retirement Incentive Costs Sponsor: Huppenthal As Introduced: Requires the employer to pay the difference between the actuarial present value of the increased benefit and the contributions received if the employer offers the employee retirement incentives that result in increases in pension benefits for which the fund does not receive full compensation.	Assigned: Hse GR, Hse Rules Status: <i>Passed Hse GR, DP 1/27/04 (11-0-0-1-0) awaiting Rules</i> Second Read 1/15/04	As Introduced: \$150,000 one-time implementation cost, including computer programming costs.	As Introduced: During the past few years, 1,342 members participated in retirement incentive programs with an average cost to the fund of \$33,800 each, totaling \$45,450,000.
HB 2077 ASRS; Long Term Disability amending section 38-797.07, Arizona Revised Statutes Sponsor: Huppenthal As Introduced: 1. Requires existing employees of new employers to meet the same 12-month pre-existing condition limitations as new employees of existing employers. 2. Suspends the disability payment if the member refuses to participate in a recommended work rehabilitation program for which the member is reasonably qualified by education, training or experience. 3. Disallows the payment of disability benefits the first of the month in which the member is convicted of a criminal offense and confined to a correctional institution for more than 30 continuous days. 4. Clarifies that the benefits for both the primary and dependent Social Security beneficiaries are subtracted from the LTD benefits. 5. Requires members to pursue obtaining Social Security disability benefits through all available levels or until the claims administrator determines that the member would not be eligible for Social Security disability benefits. 6. Prevents members from bypassing the 24-month limitation on being disabled from <u>any</u> position by removing "consecutive" and adding "within the last five years" before being able to determine if a member is unable to perform any work for compensation or gain.	Assigned: Hse GR, Hse Rules Status: Awaiting Hse GR and Rules Second Read 1/15/04 <i>Scheduled for GR on 2/3/04</i>	As Introduced: \$5,000 one-time implementation cost.	As Introduced: Issue 1: Currently paying 4, 000 members LTD benefits and the total number affected is unknown. Issue 2: Total cost savings is unknown. Issue 3: The cost to the ASRS is the amount of the LTD benefits paid to the three members who are incarcerated. Issue 4: Cost neutral to ASRS. Issue 5: It is estimated that ASRS has 563 claims in which members applied for SSDB twice and were denied. If all of these were pursued, and granted, using \$600 offset as an estimate of the average, ASRS could save over \$4 Million annually. Estimate 563 of the 750 claims (75%) that do not have an offset for SSDB now would be impacted.
HB 2078 – ASRS; Asset Management; Limitations Sponsor: Huppenthal As Introduced: Change to allow ASRS to hire a manager who has 3 years experience managing institutional funds and eliminate the requirement for having at least 10% of the ASRS assets under management currently. (38-718). Increase allowable percentage investment in foreign securities to 25%. (38-719)	Assigned: Hse GR, Hse Rules Status: <i>Passed Hse. GR DP (9-2-0-1-0)</i> Awaiting Rules Second Read 1/15/04	As Introduced: None	As Introduced: None

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
HB 2079 – ASRS; Normal Cost Definition Sponsor: Huppenthal As Introduced: Technical, redefine “Normal Cost” to the definition for Projected Unit Credit. (38-711) S/E NOW: Family builders; audits; repeals	Assigned: Hse GR, Hse Rules Status: <i>Passed Hse. GR (6-5-0-1-0) DPA/SE Rules (11-0-0-1-0) Second Read 1/15/04 Majority Caucus 1/28/04 C & P</i>	As Introduced: None	As Introduced: None
HB 2174 – ASRS; Electronic Medical Claims Submission System Sponsor: Biggs, Quelland As Introduced: An electronic medical claims submission system shall be implemented by the Dept of Administration, the Arizona State Retirement System, and AHCCCS by Jan 1, 2005. The system shall be used by these agencies as the sole method of receiving medical claims for payment. Emergency clause.	Assigned: Hse. Health, Approps, Rules Second read on 1/20/04	As Introduced: Not available yet.	As Introduced: None
HB2185 - State Sick Leave Pay, Direct Transfer Sponsor: Gray As Introduced: Upon retirement, a state or county officer or employee may elect to have accumulated sick leave payouts transferred directly to an eligible retirement plan.	Assigned: Hse. GR, Educ Status: <i>1/27 - from House gov-ret do pass. 1/21 - from House educ do pass. 1/19 - referred to House educ, gov-ret.</i>	As Introduced: Not available yet.	As Introduced: None
SB1176 - Retirement; ASRS, Retiree Health Insurance First sponsor: Sen. Arzberger. Others: Rep. Burns, Carruthers, Konopnicki, Wagner, Sen. Cannell. As Introduced: Premiums and coverage for health insurance offered by ASRS for its retirees must be comparable for all eligible persons in the state.	Assigned: <i>1/27 - referred to Senate fin, appro.</i>	As Introduced: Not available yet.	As Introduced: None
SB1192 - Retiree Health Insurance Study First sponsor: Sen. Arzberger. Others: Sen. Anderson, Cannell, Giffords. As Introduced: JLBC will contract with a private entity to conduct a study and make recommendations on various suggestions to provide a single health insurance plan for retirees in all four state retirement systems.	Assigned: <i>1/27 - referred to Senate fin, appro</i>	As Introduced: Not available yet.	As Introduced: None

LEGEND

AMEND C&P	Constitutional and Proper as Amended by the House Rules Committee	HB	House Bill
APPROP	Appropriations Committee	HCR	House Concurrent Resolution
ASRS	Arizona State Retirement System	HHR	House Hearing Room
C&P	Constitutional and Proper	Hse.	House of Representatives
CORP	Corrections Officer Retirement Plan	JUD	Judiciary Committee
COW	Committee of the Whole	LTD	Long Term Disability
DP	Do Pass	PFC	Proper for Consideration
DPA	Do Pass as Amended	PFCA	Proper for Consideration as Amended by the Senate Rules Committee
EORP	Elected Officials' Retirement Plan	PSPRS	Public Safety Personnel Retirement System
FII	Financial Institutions and Insurance Committee	SB	Senate Bill
FIN	Finance Committee	S/E	Strike Everything Amendment
GF	General Fund	Sen.	Senate
GOV	Government Committee	SHR	Senate Hearing Room
GR	Government and Retirement Committee	WM	Ways and Means Committee

**The weekly legislative report is available on-line at the ASRS Web site:
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